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RUEHRI/AMCONSUL RIO DE JANEIRO 3569  
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SUBJECT: BRAZIL: CODEL GOODLATTE PARTICIPATES IN INFORMATIVE SET OF MEETINGS

¶1. (SBU) SUMMARY: CODEL Goodlatte, led by Chairman of the Agriculture Committee of the House of Representatives Bob Goodlatte, accompanied by eight members of the House Agricultural Committee and one member of the House Appropriations Committee, visited Rio de Janeiro on November 26-28. During their brief stay, the delegation met with U.S. companies ADM and Monsanto, participated in an official lunch that included high level Brazilian government officials and industry representatives, received a briefing on flexfuel vehicles from General Motors, and engaged in an economic and business roundtable with prominent Brazilian business leaders. END SUMMARY.

¶2. (SBU) The CODEL's meetings began with a country team briefing, led by the Deputy Chief of Mission and the Agricultural Counselor. Questions from the Congressmen included such topics as crime and drugs, the size of the middle class and the success of anti-hunger programs, level and quality of education, and the status of the U.S. pilots involved in the recent disaster over the Amazon, as well as transportation infrastructure, cost of agricultural inputs, land availability for food and biofuel production, and livestock production and meat exports.

¶3. (SBU) The country team briefing was followed by a meeting with the presidents of U.S. agricultural companies ADM and Monsanto. Both ADM and Monsanto briefed the group on the challenges they and other agricultural enterprises face in Brazil, specifically the infrastructure challenges in transporting goods thousands of miles from the interior of the country to its main ports. Congressmen asked a number of questions about transportation and port infrastructure, biofuel production, issues of intellectual property and how Monsanto charges for the use of their technology. Monsanto addressed the congressmen's concerns about the pricing structure of key herbicides, demonstrating the similarity in pricing of such products in both Brazil and the U.S.

¶4. (SBU) The official lunch was well attended by high-level Brazilian officials from the Ministries of Agriculture and Foreign Affairs including and industry representatives from Rio de Janeiro, Sao Paulo and Brasilia. This provided the CODEL with the opportunity to discuss informally agricultural and trade issues with key decision makers.

15. (SBU) General Motors-Brazil representatives provided the Congressmen a briefing on the history and capabilities of flexfuel vehicles in Brazil, and a Washington-based GM representative discussed issues associated with applying flexfuel vehicle technology to the United States. GM described how its production has moved to almost all flexfuel cars over the past five years, and how the price of gasoline versus alcohol-based fuel has influenced that shift. GM also highlighted that Brazilian Government mandates that fuel stations sell both types of fuel also had a significant impact.

16. (SBU) Prior to their departure, Congressmen engaged in an economic, business and trade roundtable discussion with prominent Brazilian business and academic leaders from Rio de Janeiro and Sao Paulo. Chairman Goodlatte remarked that this was his second CODEL visit to Brazil, and he was pleased that other members of the House Agriculture Committee had the opportunity to discuss with Brazilian government and business leaders issues of mutual interest to both countries. He agreed with one member of the roundtable that the United States does not focus on Brazil enough and that we should be not only competitors, but also partners. Congressman Peterson responded to one panel member's comments regarding Brazil's desire to export more ethanol to the United States by stating that "we're not interested," noting that the U.S. ethanol industry was relatively nascent compared to Brazil's and that the tax on imported ethanol would be necessary until our domestic industry strengthens; the United States wants to keep ethanol production in the hands of the rural community, rather than the large companies, and we should not let the regulators get involved in this market. Other comments focused on infrastructure, educational needs and bilateral relations.

17. (U) This cable was not cleared by Codel Goodlatte prior to

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transmission.

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